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ABSTRACT

While increased movement of industry into rural areas has whittled away at rural poverty in the United States, the question arises whether this transformation of rural landscape is good or bad. Evaluation should detail its effect on both human and natural resources. Though reduction of poverty is important to quality of life, increased industrialization has also caused disorientation about basic values. Looking at four traditional qualities of agrarian life--control and self-sufficiency, homogeneity of interests, naturalness, and creativity--one can follow the divisive impact of industrialization on a farmer changed from manager to worker, whose self-interests are now tied more to outside than local interests. Future public policy toward development of rural America must encourage human resource development and natural resource conservation. Essential steps to effective policy include: incentives to locate industry where jobs are most needed and to preserve best farmland; effective worker training programs tied to policies to attract hard-core unemployed and underemployed to new industry jobs; encouragement of cooperatives, community development corporations, and other local initiative; more public monies spent on small communities and research to reduce costs of providing needed services to them. (RS)

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INDUSTRIALIZATION: THE KEY FACTOR IN CHANGING RURAL COMMUNITIES[1]

by

Brady J. Deaton[2]

I approach the subject of rural industrialization from a very personal perspective. Growing up near London in the hills of Eastern Kentucky, I experienced what the lack of industry in rural America means to many families. For our family of nine children, it meant that my father commuted weekly between our home and Cincinnati, Ohio, where he found work in one of the many factories in that great manufacturing center. The rural areas offered few employment opportunities for the young people and adults of 25 years ago. Over the past quarter of a century many changes have occurred and London, Kentucky, has experienced a great many of them.

Because several manufacturing concerns have moved into Laurel County and stimulated additional jobs in construction and services, my father has been able to work full-time in that area for several years now. In addition, five children in the family are working in the local economy after having initially moved away to other cities, but returning when jobs opened up at home. I believe most people in my home county feel that rural industrialization has been a positive factor in their lives.

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[1]Presented at the State-Wide Conference sponsored by the Tennessee Committee for the Humanities on the Humanities and Public Policy in Rural Tennessee, "Public Policy and the Rural Institution," Henry Horton State Park, November 12-13, 1976.

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This phenomenon deserves a great deal more scrutiny, however, because of the importance of the rural economy and, particularly, because of the people who live in rural America whose lives are directly affected by the process of industrialization. The rural economy is important because it is the home of roughly 30 percent of our population, though only 4 percent can be classified as farmers. In addition, within rural America is the world's most precious natural resource--America's farmland. Each farmer produces enough food for himself and 56 other people. As part of our international trade package, we export enough food to cover the costs of our oil imports on which so much of our manufacturing sector depends.

This is the rosy side of the picture of rural America, but there is another side. Rural America also contains a disproportionate share of our nation's poor. The paradox of poverty amidst plenty continues to haunt rural America and pricks the conscience of our nation. Rural poverty is not new as any reader of Steinbeck's Grapes of Wrath or Agee and Evans' Let Us Now Praise Famous Men will attest.

Nor is rural poverty a thing of the past. While 30 percent of our population lives in rural areas, 40 percent of the poor live there. The poverty rate for farm families in 1973 was 11.6 percent compared to 8.6 percent for nonfarm families. Nevertheless, poverty is no longer directly connected to agriculture. In 1970, 51 percent of farm household income was from wages and salaries, while only 39 percent came from farming.

Rural America also suffers from a relative lack of services. Rural America has 66 percent of the nation's substandard housing, but receives only 16 percent of all federal housing assistance. Pediatricians

see only 4 percent of farm children and 12 percent of rural nonfarm children, but see 25 percent of children in metropolitan areas. Similar disparities exist in dental care, hospital care, and health insurance.

Because of national concern for these problems of rural America and for similar problems in core city ghettos where many rural people migrate, a number of federal programs have been designed to promote a more optimal population dispersal and to develop rural areas. We've had the Rural Development Program of 1955, the Area Redevelopment Act of 1961, the Public Works and Economic Development Act of 1965, which created the Economic Development Administration (EDA), and, most recently, the Rural Development Act of 1972. I'm sure we can anticipate a new name under the forthcoming administration in Washington. All these programs were inadequately funded, casting serious doubt on our national commitment to really develop rural America.

These federal efforts helped stimulate a broad range of local, state, and regional programs to attract industry to rural parts of the country. So we now have 15,000 local industrial development groups across the country chasing after the 1,000 firms that locate each year.

This process has been costly and unwise for many rural communities who have little hope of attracting a desirable industry. A recent study estimated that local government subsidies to new industry have exempted $3.6 billion in property values resulting in an annual loss in local tax revenues of $40 million.[3]

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[3]David Mulkey and B. L. Dillman, "Location Effects of State and Local Industrial Development Subsidies," Growth and Change, Vol. 7, No. 2, April, 1976.

However, increased labor problems in urban centers and rural people's preferences for life in small communities have induced manufacturing concerns to locate in rural areas. Our research has shown that Eastern Kentucky migrants to Cincinnati, who average around $10,000 in family income, would give up over a third of this amount if they could be guaranteed a job back in Eastern Kentucky.[4] Similarly, most rural residents of Tennessee's poorest counties have indicated they wouldn't move to any city. Those who are willing to move would have to earn substantial increases in income to move even as far as Knoxville, and as much as 40-50 percent more than their current earnings to move to Atlanta or Indianapolis.[5] Of course, Atlanta in the South was preferred to any Northern city.

At any rate, these and other factors caused 600,000 manufacturing jobs to be added in nonmetropolitan areas of the Southeast alone between 1962-72. This was roughly twice the increase in metropolitan areas and accounted for a shocking one-third of the total manufacturing jobs created nationally during the 10-year period. This trend seems to be gaining strength in the 1970's.

The key question we must ask is whether this massive transformation of the rural landscape is good or bad. Has it helped or hurt the quality of life for rural America, indeed for our entire society? There is a popular view that it may not help any of us. This was best expressed

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[4]Brady J. Deaton, "The Private Costs and Returns of Migration from Eastern Kentucky to Cincinnati, Ohio," unpublished Ph.D. dissertation, University of Wisconsin, 1972.

[5]Larry C. Morgan and Brady J. Deaton, "Psychic Costs and Factor Price Equalization," Southern Journal of Agricultural Economics, July, 1975, pp. 233-238.

by Michael Harrington, the conscience of the 1960's, in The Other America:

> The industry that comes to these places is not concerned with moral or social uplift. It seeks out rural poverty because it provides a docile, cheap labor market. There is income supplementing as a result, but what basically happens is that people who have been living in the depressed areas of agriculture now live part-time in the depressed areas of industry. They get the worst of two worlds.

This is a pessimistic, even cynical, view that does not jibe with most of my personal experience, nor with the observable fact that the incidence of poverty in America was cut in half during the 1960's, falling from 40 to 23 million (from 22.2 to 11.1 percent).

Yet, Harrington expresses a serious concern that must be given our serious attention. A concern that suggests caution in evaluating the disruption of the rural social structure. In fact, since 1970 the incidence of poverty has increased from 11.1 to 12.3 percent of the population in 1976. However, as important as an absence of poverty is to the quality of life, an even more fundamental force may be at work that threatens our society even more. This fundamental force is what might be called a value disorientation--or a tearing apart of the social fabric that makes life have purpose and meaning for a human society. Rural industrialization, following on the heels of the agricultural transformation, has been an additional disorienting force in American culture. The basic values of our agrarian past have been swallowed in the dust of rapid material progress. Yet, enlightened public policy requires that values be explicitly recognized and arranged in degrees of priority to guide policy formulation and implementation.

Earlier this year, June 16-18, I helped organize a Conference at the University of Tennessee, Knoxville, which focused specifically on the question of agrarian values.[6] Our purpose was to identify values from our agrarian tradition that might still have value in contemporary society. My feelings are that we are very confused about what values we hold and are particularly fuzzy about how they help shape our ideas on public policy.

One of our speakers, Professor Bruce Wheeler, Department of History, University of Tennessee, identified four basic qualities of agrarian life that are important parts of our tradition.[7] I want to share these four qualities with you, so we can evaluate the manner in which these values are relevant to the social processes inherent in rural industrialization, and to illustrate more clearly what I mean by a "value disorientation":

1. Control and self-sufficiency - based on the belief that farmers who work with the forces of nature to reap the fruits of the soil have more control over their life and livelihood.

2. Homogenity of interests - which implies that a sense of unity and "wholeness" characterize the agricultural community. The farmer complements the work of the banker, manufacturer, and merchant, but does not compete with him economically.

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[6] "The Agrarian Tradition in American Society: A Focus on People and the Land in an Era of Changing Values," Forum held at the Institute of Agriculture, University of Tennessee, June 16-18, 1976. Sponsored with the assistance of the Tennessee Committee for the Humanities.

[7] Bruce Wheeler, "Jeffersonian Thought in an Urban Society," paper presented at the Forum, "The Agrarian Tradition in American Society: A Focus on People and the Land in an Era of Changing Values," Institute of Agriculture, June 16-18, 1976.

3. Naturalness - which conveys the view that the human spirit is more in tune with the laws of nature in the farmer's world. Man's unique relationship with the soil ultimately produces a more responsible citizenry.

4. Creativity - the act of combining man's talent with the forces of nature has always been viewed as an act of Godliness. A sense of worthiness pervades his endeavors as the benefits of planning, management and labor are realized.

The hard realities of modern society seem to mock the innocence of these ideals, though they still serve to inspire and coalesce large segments of our society. They serve to remind us of something precious which we must preserve and draw on for renewed strength and direction.

With these four qualities in mind perhaps the value disorientation becomes more apparent. Rural industrialization imposes a modus operandi alien to the rural culture. Consider the plight of the independent, creative farmer caught up in the assembly line of a newly arrived manufacturing firm. He is suddenly demoted from manager to worker, from director to directee, and from a position of independence to a position of dependence. Labor unions which ostensibly provide a common, cohesive bond among all workers, in fact, tie the worker closer to the union bureaucracy than to other workers in the community. Little "homogenity of interests" is developed between workers and management either within the plant or in the local community.

Hence, unions and factories strengthen the vertical links between individuals and outside, nonlocal interests, while failing to promote horizontal links among groups in the community. The industrialization of agriculture with the increased emphasis on vertical integration, commodity specialization and interest group organization among dairymen, cotton growers, grain producers and many others has already signaled a

similar trend among farmers. The interests of the corn grower are no longer similar to the interests of his beef producing neighbor. Higher prices for corn mean higher feed costs for the beef producer.

So, industrialization has been a fragmenting, divisive force for rural communities. But it has also provided a source of wealth and perhaps potential organic links on which a viable, thriving rural America can be built. I share Thomas Jefferson's belief that it is the right, indeed the responsibility, of each generation of Americans to redefine the goals of society and the means for achieving them. And to do this we must search for deeper, underlying values which we all can accept as a foundation for building a desirable society.

From this perspective, rural industrialization is certainly not all bad. In fact, with creative, enlightened public policy it can be a major revitalizing force for much of our country. Consider the following:

1. Certainly, the spatial redistribution of population associated with the movement of manufacturing jobs to the country can provide a more optimal quality-of-life and provide alternative, feasible life-styles.
2. People increasingly have the option of staying on the farm and working in industry without undue financial stress.
3. The integration of farm and nonfarm business interests has increased as each provides a source of jobs and income for the rural part-time farmer. This may provide a healthy foundation for coalescing rural people.

The cartoon character Linus has reminded us that you can't solve "new-math" problems with an "old-math" mind. As policymakers face these "new-math" problems, some "new-math" ideas and strategies must be

developed and implemented if they are to be effective. Some initial steps seem obvious:

1. Location incentives offered by federal, state, and local governments can be used to promote a pattern of industrial location which provides jobs for the most needy and conserves the best farmland.
2. More specifically, the hiring policies of new industries should be designed to attract the hard-core unemployed and underemployed, and more effective worker training programs should be coordinated with these policies and targeted toward specific groups.
3. More emphasis should be placed on cultivating the entrepreneurial talents of local community residents. Their creativity is often "smothered" under the red carpet that is always rolled out to the major corporations from outside. At the same time, alternative forms of business organization such as cooperatives and community development corporations should be encouraged.
4. As people are increasingly attracted to small communities, we will see more innovations in delivery systems for public services. Research should be encouraged along the lines of "smallness" that reduces service costs for small communities. More equitable distribution of public expenditures to small communities would be helpful in this respect.

The basic guidelines for future public policy toward rural America must encourage human resource development and natural resource conservation.

In closing, let me share an analogy with you that is particularly meaningful to me. A professor of child psychology frequently delivered a lecture entitled "The Ten Commandments for Parents." He eventually married and became a father. The title of his lecture was subsequently altered to "Ten Hints for Parents." Another child arrived and the lecture became "Some Suggestions for Parents." With the arrival of his third child he just stopped lecturing altogether.

I think we need to learn some of the humility gained by that father. On the other hand, I don't believe we can "stop lecturing." We can no longer afford that luxury! The subject at hand is too critical and the needs of our people are too great. But we must be sensitive and eager to learn while bravely addressing the fundamental issues of our day. This is the challenge to the humanities, as I see it. And I urge you on because our society cannot do without your insight and sensitivity.